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DISCUSSION

MR. MACVEAGH: With reference to the cost of a United States pension retiring system, I might speak of the Gillette bill. This was the best proposition that has been brought forward. The nominal cost to the Government would have run from \$1,000,000 up to \$3,000,000 the first year, and then have decreased for the next thirty years. The basis of the bill was a contributory system for the future, but the Government was to pay at the start for all existing employes; that is, the Government was to supply the contributions of existing employes from the time the man or woman entered the service.

I said to Congress that, if it would allow us to put that bill into operation, the department would not ask a cent more than the regular appropriations. In other words, if Congress would make the appropriations exactly what it ought to make them for the existing service, we would put the pension system in operation, and the executive department should pay for this out of the appropriation, and it would not cost a penny extra. This could be done because of the saving in efficiency, and it was proved by the actuaries and practical men of the department that it could be done. The proposition of Mr. Baldwin is quite correct, that pensions are not an expense to the municipality if it adopts the right system.

MR. GEORGE T. MORGAN: In advocating civil pensions, we, as civil servants, have been charged with having only a selfish interest. I wish once for all, and with all the energy of which I am possessed, to enter a decided protest to this charge. Our plea is a plea for justice, not self-interest, simply justice and that not only to ourselves, but to all.

The government employe should save some money. The veteran admits this—no one more ready. We all agree he should have saved some money, but the fact is he did not. Perhaps he had sons to send to college, daughters to clothe and educate, maybe old folks to take care of. At any rate, he did not save. It is not a theory that confronts us, it is a condition. If you throw him out now, he goes out to be a burden to others.

Do justice to the young man entering the service, so that he can devote his undivided attention to his work, so that he can spend his days and nights perfecting his knowledge for the special work he is called upon to do—work that does not fit him to do anything outside, but rather unfits him for other employment. Justice! So that the young man will not be thinking all the time how soon can I get out of this, but how long can I remain in the government service. Justice to the young man, so that as a nation we shall no longer have to face the fact that 50 per cent. of the whole force of government servants have been in the service five years and less, and that there were 11,000 voluntary resignations last year. The National Civil Service Reform League, with headquarters in New York, and Professor Eliot as their president, in their last report says, "Some inducement must be offered to able and ambitious young men to enter the service."

Do justice to those who are in the service, those who have been there for fifteen, twenty and twenty-five years. Those who are bearing the burden and heat of the day. They are not time-servers, not men who watch the clock, but men who give their whole mind and thought to the work, for the honor of the service, striving that each day's work shall be better than the last. Justice to these men, so that they will not be half-paralyzed by the unbidden bitter thought, "What will become of me when I can no longer keep up with this ever-increasing strain?"

Do justice to the administrative officers of the Government, who are ever seeking to increase the efficiency of the force that they have under their control. Men who are filled with the laudable ambition to leave the service better than they found it, but who are balked and hampered at every move by the fact that they have no retirement system. Officers know that there are men in their service who cannot and do not do the work allotted to them. Heads of departments cannot retire them on pension, as there is no pension law for civil servants.

No wonder Congressmen are affrighted when one says pension.

Congressmen know that the civil service could be made more efficient and should be improved, and they know that this cannot be done until a civil pension law is passed and the veterans retired. Perhaps it would be better if we called it a retirement law and thus avoid the word pension. Anyway, in simple justice to our

legislators, let us have a law passed so that they can be relieved from this trouble and devote their best thoughts, their undivided attention to the other and greater subjects that are before the nation.

Do justice to the taxpayers. We have probably six thousand superannuated men—veterans in the service—who are not giving full value for the money that is being paid them. Retire these veterans; not on full pay, as they are now, but on half-pay, and one-half of the positions of the retired men need not be filled.

We are all under bond—250,000 employes, probably, under bond. Congressman Palmer said in the House last month that these bonds in security companies amounted to \$360,000,000. At the usual rate of \$1.40 per thousand, you can readily see that this tax amounts to \$500,000 a year. From the British postmaster-general's report I learn that, fifteen years ago, a Royal Commission decided that bonding government servants was a useless tax upon the men. The pension system was all the bond required. Half a million dollars a year paid to surety companies is a useless tax.

Finally, let me plead for justice to the old men—men who have spent thirty, forty and fifty years in the service, men who are seventy, seventy-five and eighty years of age and over, men who totter to their places every day, potter around all day pretending to do something and then totter home again. Three thousand of them. It is a pitiable sight, a picture not on exhibition in any other nation under heaven.

MR. ALLAN B. WALSH: I am serving as a member of the New Jersey Legislature during the administration of Governor Woodrow Wilson, who feels that it is a sacred, solemn duty to carry out his promises to the people. During his campaign, among other things, he promised the people an effective employers' liability law and last week the legislature, under his leadership, enacted such an effective law.

In the New Jersey law, when the compensation schedule is elected, the fellow-servant and the assumption of risk clauses are abolished and the injured workman receives half-pay, excepting that the maximum is \$10 per week and the minimum \$5, provided that he was not wilfully negligent at the time.

It can hardly be expected that this grave question can ever be satisfactorily arranged among all concerned, but there can be

no doubt that we can move along by just and conscientious legislation toward a state of affairs that will leave small room for complaint. It must be admitted that the question of employers' liability is one of the most important, and, indeed, too, one of the most pitiful subjects before our statesmen to-day. Year after year those who seek the welfare of the multitudes of our toiling citizens have been promised relief along these lines, and year after year their hopes have been cruelly shattered by disappointment. I cannot understand how any man, with a heart of flesh capable of human sympathy, can fail to be convinced that the workingman has been treated in a manner which I can only designate as unfair. But I honestly believe that the day is near at hand when even those who in the past have dealt legislation to the working classes from a "cold deck" will insist upon shuffling the stacked pack and giving the toiling masses a genuine "square deal."

Men will talk to you enthusiastically about the conservation of natural resources—and, surely, the conservation of our natural resources in the interest of the country at large is a very important matter—but, at the same time, some of these very men will stand idly by and let the vast army of our fine American workingmen go down to their untimely graves or be flung like refuse into the rapidly increasing ranks of the poverty stricken and miserable. Our forests are important, of course they are; our streams, rivers and lakes are important; the conservation of all the natural resources of our American soil is important, but I put it to you, gentlemen, is not the most important resource of our American nation the mighty army of our workingmen? Is it not through their toil that all the work of conservation is to be finally carried out; aye, even the conservation of the country itself among the nations of the world? Therefore, are we not bound, even as patriotic citizens, to have at heart the interest of these toilers and to use our influence at every opportunity to have laws enacted that will properly safeguard them as they toil, and thus put an end to this yearly carnage which is a disgrace to the country and to us?

It must be remembered that we are dealing with a class who, as a rule, have no resources to fall back upon. Their daily wage hardly admits of it. Multitudes of them have struggled to make a home and enjoy its comforts, such as they may be, when the day's work is done. That home depends upon their earnings.

Few of us would be willing to change places with any of them, but, nevertheless, it is what they have toiled for, it is their home and their only ideal of happiness in a world which holds for them, as you know, very few joys. What a fearful tragedy, then, to take only one instance, where the sole support of such a home is suddenly removed. You may talk about the alarming increase of Socialism; you may talk about anarchy, about the increase of crime, about the degraded moral conditions of our great cities, but, I tell you, gentlemen, you have your fingers upon the pulse of the difficulty. By the absence of proper employers' liability legislation we tolerate a condition of affairs that must breed crime. What is the reason for this terrible condition of affairs in the industrial world? What is the reason for these heartrending catastrophes which cause so much sorrow and misery among us? The reason, gentlemen, after all is said, simmers down to this: That it is cheaper to kill, cheaper to injure and pay some little compensation under our existing laws than it is to provide safeguards.

I submit that if, by the enactment of proper employers' liability laws, the employers are brought to realize that it is cheaper to provide adequate safeguards than to pay damages, then, as a matter of economical expediency, as a matter of good business policy, they would hasten to provide safeguards, and the deplorable accidents we have to record so frequently would be cut down to a minimum within a few years.

The consumers of the product of the workmen's labor should contribute to their support in proportion to their consumption. This could be done by the employers adding to the cost of his product in the same manner in which he adds the cost of his fire insurance premiums whereby he seeks to protect himself from loss by fire. You know how our great railroads fought against laws compelling them to use air brakes, and you know how now they would battle as a unit against any law which would even limit their use, because as a safeguard they have proved an effective remedy against accidents and consequent endless litigation and payment of damages. In like manner the expense put upon employers of labor to safeguard their workers would be an initial expense for which they would soon find themselves amply compensated, and I have no doubt our famed American ingenuity would soon succeed in furnishing thoroughly adequate protection in all lines of work at a minimum cost.

I find that in foreign countries many employers offer premiums to those who by their inventive genius are able to improve existing methods of protection. There are humane employers who, to the best of their ability, provide safeguards for their workers, and these employers should be protected from the unfair competition of those others, who, in their greed for gain, allow themselves to be influenced by no such humane considerations.

I sincerely hope and trust that the agitation started by the American Academy of Political and Social Science will remind the legislators and members of Congress of Abraham Lincoln's words, "That government of the people, for the people, and by the people, shall not perish from the earth."

MR. G. A. RANNEY: The International Harvester Company grants pensions for long and faithful service. At the time the regulations of our pension system were being formed, the question of contributions was carefully discussed, and it was found that the younger employes were not interested in contributing for a pension. The company did not believe that a contributory plan for a corporation was practical, and agreed at the outset that no contributions made by employes for a pension fund would be considered.

Question—Under that contributory system, would not they draw the accumulations if they left the service?

Answer—The contributions would have to be returned, or, at least, a large percentage of them returned, to the employes. Such a plan might appeal to certain employes, but the rank and file would not be in sympathy with it. Many of the ordinary workers would not appreciate and understand it, and, in our opinion, there is danger of such a plan creating a feeling that the employe would be paying for something that he had a small chance of realizing.

MR. HARRY D. THOMAS, of the Ohio State Federation of Labor: I understood the discussion was on pensions for municipal employes. The difficulty, it seems to me, is due to the fact that outside of fire, police and teachers, all departments of municipal government are not under civil service rules. The first essential thing to undertake in municipal government, if you are going to establish pensions for employes, is to establish civil service rules. Ohio has recently started that plan, and since January 1st, of this year, all

employes in every department, with the exception of common labor, have to undergo civil service examinations, and are subject to civil service regulations. A pension system can probably now be started in Ohio. In other states you must have a permanent civil service before you can have a pension plan.

MR. MILES M. DAWSON: I wish to join with the gentleman of the International Harvester Company in urging that the best form of pensions for employes is service pensions, without contribution by the employes. The views of actuaries who have given the greatest attention to this subject are practically in conformity with the opinion which the managers of the steel company reached in their deliberations. The highest authority among the actuaries in Great Britain, Henry W. Manly, in his valuable book on this subject, has given nearly two pages to pointing out all the difficulties, entanglements and troubles which attend all the systems. His conclusion is virtually this: It is a good thing to have a voluntary contributory pension scheme; it is better to have a compulsory, and it is yet better to have a plan under which both employes and employers contribute; but better still and best of all when the pension is a straight-out service pension, without requiring contribution. Experience in this country fully bears this out, and such observations as I have made lead me to concur with Mr. Manly's opinion.

The other thing which tempts me to rise at this time has to do with what a gentleman said with regard to the wastefulness of the present system; that is, of employers' liability insurance. One of the points of wastefulness, chargeable not to the insurance companies, except in part, and that not the largest part, is that when the employer insures, on the average not more than from 20 to 30 per cent. of the premiums actually reach the widows and orphans. This is after deducting not only the expenses of the company, but also the amount which the ambulance chasers and the attorneys for the workmen and their families take from the proceeds. Certainly it is a frightful indictment that out of what costs the employer about \$3 or more, only \$1 gets to the persons to whom compensation should be paid.

There is probably fully as great a waste where the employers do not insure. By the time the attention of the people connected with the business which is diverted to the investigation of claims is

considered, reasonable allowance made for interference with the business, and the cost of carrying defectives and crippled in positions which they cannot fill, and the various other items of cost, including the large fees to attorneys to defend against actions, when all these are taken into account, you would find it costs anywhere from \$2 to \$3 to get \$1 to the families of those who have been injured or killed, especially when the ambulance chaser has secured his percentage.

When you add, also, that this system leaves a very large proportion of those who are injured, and of the dependents of those who are killed, without compensation, thus compelling the community to take care of them, and, in fact, putting upon us the burden of that support in its most deleterious form, you see that we have, both from the standpoint of direct and indirect cost, considering the expenditure through public and private charity, with all the pauperization which that implies, the most wasteful system that could be conceived of if Satan himself had set himself at the job of devising one for us. I cannot imagine, therefore, how anything we may do in the matter could, by any chance or possibility, fail to be an improvement.

MR. THOMAS V. KEENAN: I speak as a representative of the workmen of the Postoffice Department of the United States government. The Gillette bill provides for contributions on the part of the employes and would work many hardships. There is need of a retirement measure. The twenty-third annual report of the Civil Service Commission, after a most thorough investigation, which only applied to the city of Washington, states that the loss to the Government "because of the many old civil servants who, through advancing years, were no longer able to do effective work," was \$400,000 a year. In round numbers, there are 30,000 employes in Washington. The commission, unfortunately, presented no figures for the entire government service, but it would be fair to assume that the loss is equally as great throughout the Union, and as there are 300,000 employes throughout the country, the loss would be estimated at about \$2,500,000 per annum.

The cost of a proposed pension system for government employes, as proposed by the Hon. Joseph Goulden, in the last session of Congress, estimated on the same lines as the Pennsylvania Railroad,

but allowing a pension of 50 per cent. of average pay instead of less than 40 per cent allowed by the Pennsylvania Railroad is as follows:

Number of employees	300,000
Number of pensions (2 per cent.).....	6,000
Average annual pay of government employes.....	\$750
Cost of pensions of 6000 employes at 50 per cent. of average annual pay	\$2,500,000

If the United States Government is losing every year \$2,500,000 because there are so many old civil servants who, through advancing years are unable to do effective work, and the cost of a civil pension for 6000 government employes, or 2 per cent. of the entire working force, would be \$2,500,000 a year, what would be the cost of civil pension to the United States Government? *Not \$1* and the efficiency of the government service immeasurably improved.

Advocates of the contributory plan hold that Congress would increase our salaries and that the cost to the employes would be very small; in other words, it is "robbing Peter to pay Paul." Congress is not so amenable to increasing salaries. Prior to the classification act of 1907, there never was a law upon the statute books providing in any way for the automatic promotion (*i. e.*, increases in salaries) of postoffice clerks. This act of 1907 superseded what was known as the act of 1889, which simply established certain minimum and certain maximum salaries for the different grades of clerks. There had been an organized effort throughout all these years to get a substantial increase, but it was not until 1907, when Congressmen increased their own salaries 50 per cent., that we got ours. Moreover, if the Gillette bill brought about the desired small increase of salaries to make up for deductions for pensions, the cost to the Government would far exceed that of the straight-pension system and shock the public sentiment, which is supposed to be against a straight pension.

Another thing to be considered in estimating the cost of the pension systems is the saving in salaries by retiring the already superannuated. If the figures from the Commerce and Labor Bulletin, No. 94, are correct, under the straight-pension system there would be retired at once about 6500 employes, costing in pensions about \$3,040,000 a year. But the salaries of these 6500 employes, on a basis of \$1000, amounted to \$6,500,000 a year. Therefore, we have a saving of \$3,460,000 a year in salaries.

The honored Secretary of the Treasury states that there is no life in the movement among the employes. I wish to state that I had the honor to be a representative from the Philadelphia branch of United States civil service employes at the last two conventions of the United States Civil Service Retirement Association, and, that, although as in all great movements there is always opposition all agreed as to the retirement of the superannuated employes; but when it came to the mode of retirement, some few, and a very few, were in favor of a contributory plan, while the great majority were in favor of a straight out-and-out pension, such as the largest corporations of to-day are giving, viz: the Pennsylvania Railroad, the International Harvester Company, the United States Steel Corporation and many others.

From an employe's standpoint—take my own case, for instance: I have my family to take care of and, with the high cost of living, my salary is just paid out, dollar for dollar, and I have no chance to put away anything for the future. What chance would I have if the contributory retirement measure should become a law.

Under present conditions of salary and living expenses, it is the exceptional government employe who can maintain more than one savings fund. It is surely the judgment of the individual, not of the Government, that should determine whether that fund shall be in a bank, an insurance policy, a building and loan association or other investment. An insurance policy, for instance, would be safer for his family, because if he should die before the age of retirement, and the contributory scheme is based somewhat upon the probability of his doing so, his annuity would be lost, and his wife would receive, at $3\frac{1}{2}$ per cent. interest, $2\frac{1}{2}$ per cent. less than the possible value of his total assessments, which might themselves be, according to the time of his death, merely a year's accumulation, or less. To the younger employes any reliable insurance company can offer a better provision for the future. A man of twenty-seven years, drawing \$1200 a year, would be assessed for the Gillette fund about \$80 a year. He could buy a twenty-year endowment policy for \$40 and less per \$1000, and would have both the protection for his family during that term and the cash at the end of it. A twenty-year payment life policy would give him a cash return probably of 13 per cent. on his premiums in a good, dividend-paying company, or would give his heirs twice as much as he had paid in.

But the Gillette bill is compulsory. Not only would the employe on small salary, or with large expenses, be deprived of choice in his investment according to his individual needs, but many a man and woman now carrying an insurance policy or purchasing a home would be compelled to give up these undertakings. This would mean loss, both immediate and ultimate. Moreover, almost any kind of investment would be available to secure a loan in case of emergency or sickness. The Government's rigid guardianship by preventing this would be cruel in such cases.

Mr. Gillette, in his report to accompany H. R., 22,013, known as the Gillette bill, says, "The apparent advantage of straight civil pensions is its simplicity in meeting the problem and the *attraction* which it gives the service." I feel that Congress cannot be too urgent in enacting a straight-pension plan, if for no other reason than the attraction it would give to the government service. Government employes are not too well paid, many men who are bright, active and ambitious are constantly leaving the service for better-paying positions with private corporations, which hold out brighter prospects of advancement.

MR. E. C. TERRY, of New Haven, Chairman, Joint Brotherhoods' Legislative Committee of Connecticut, composed of and representing, the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen and Enginemen, the Order of Railroad Conductors, the Brotherhood of Railroad Trainmen, and the Order of Railroad Telegraphers:

I want to raise my voice here first to answer the gentleman who said that when employers of labor adopt a pension system for old aged and incapacitated employees, they do it through charity, and to applaud the gentleman who said such a system was not in a sense a charity, but was done for the men in recognition of their previous worth, realizing that when wages were paid to them, they do not by any means pay all that is due, even though the wage was estimated at so much per day or so much per hour—the pension system is rather a wage deferment. Those employers, like the New York, New Haven and Hartford Railroad, where the men are employed whom I have the honor to represent, do not think they established a charity when they inaugurated a pension system wherein no contribution is required from the employees or pensioners, be-

cause they realize and appreciate that their men never were objects of charity; and they realize that their men have too much of genuine American independence to accept anything that savored of charity. They realize, too, that in a pecuniary sense, the presence of experienced railroad men, able to handle trains at high speed over a four-tracked system congested at all times by commerce, is the greatest asset an employer can have; and, therefore, they have established a pension for them when they arrive at a certain age and their capabilities are at an ebb, believing that they are paying them something of their wages that they did not need in health.

If anyone has an idea that the workmen want charity in their old age, I hope they will permit of correction. Millions are coming to this country through the several ports, looking for work, but when you get the trained American, you want to regard him from a different angle, and contemplate the awfulness of this world picture—that if by a sweep of the hand all of the millions of arms of labor should become paralyzed and unable to perform their industrial functions, what a terrible industrial and social calamity would happen in this world.

Contemplate all of the iron, all of the silver and other ore which the mines contain, and without the magic hand of labor what does it all amount to?—Nothing but rust and decay.